



**MEMORANDUM  
BOARD OF COUNTY COMMISSIONERS  
OFFICE OF LEGISLATIVE ANALYSIS**

**TO:** Honorable Chairperson and Members,  
Board of County Commissioners

**DATE:** June 10, 2004

**FROM:** Amy Gonzalez-Hernandez, Esq.  
Chief Legislative Analyst

**SUBJECT:** Brookings Institute Report-  
Growing the Middle Class:  
Connecting All Miami-Dade  
Residents To Economic  
Opportunity

On June 7, 2004, the Brookings Institute issued the attached report, *Growing the Middle Class: Connecting All Miami-Dade Residents to Economic Opportunity*. It describes economic disparities and challenges in Miami-Dade County and the City of Miami. An electronic bulletin from the National Center for Policy Analysis, <http://www.ncpa.org>, summarizes it as follows.

*With its sunny weather, beaches and culture, Miami-Dade County, Fla., attracts international businesses, rich and famous celebrities and over 10 million visitors a year. However, Miami-Dade also has a large, poor immigrant class and a shrinking middle class.*

*A new report from the Brookings Institution examines the challenges that contribute to the region's troubling income trends and inhibit its ability to retain and build the middle class. According to researchers:*

- o Only 22 percent of the county's adult population has at least a bachelor's degree and only 16 percent of the city of Miami's adult population has at least a bachelor's.*

- o Most jobs in Miami-Dade are in industry sectors, such as service and retail, paying lower wages; additionally, wages, regardless of industry sector or occupation type, are lower in Miami-Dade than elsewhere.*

- o During the 1990s, almost 160,000 more people left Miami-Dade than moved in from other parts of the country, many moving to neighboring Broward County; while the group of Dade-to-Broward movers was racially diverse, they were primarily middle class.*

*Low-income residents face additional challenges that hinder their ability to join the middle class:*

- o Miami's decentralized growth patterns isolate low-income residents from opportunity.*

- o Basic necessities consume a large portion of poor residents' income.*

o *Limited use of mainstream financial institutions and government support programs impedes the wealth-building capacity of low-income households.*

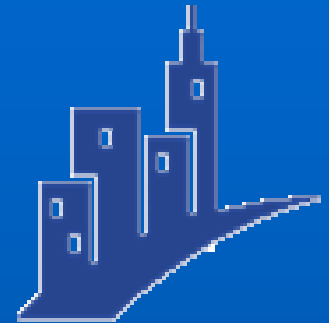
*According to researchers, the region should focus on five policy interventions that help grow the middle class: Develop an educated, skilled workforce; improve access to quality jobs; make work pay; help families build assets; and build quality neighborhoods.*

Attachment: *"Growing the Middle Class: Connecting All Miami-Dade County Residents to Economic Opportunity," Brookings Institution, June 2004. [Online]. Available:*  
[http://www.brook.edu/urban/publications/20040607\\_miami.htm](http://www.brook.edu/urban/publications/20040607_miami.htm)



# The Brookings Institution

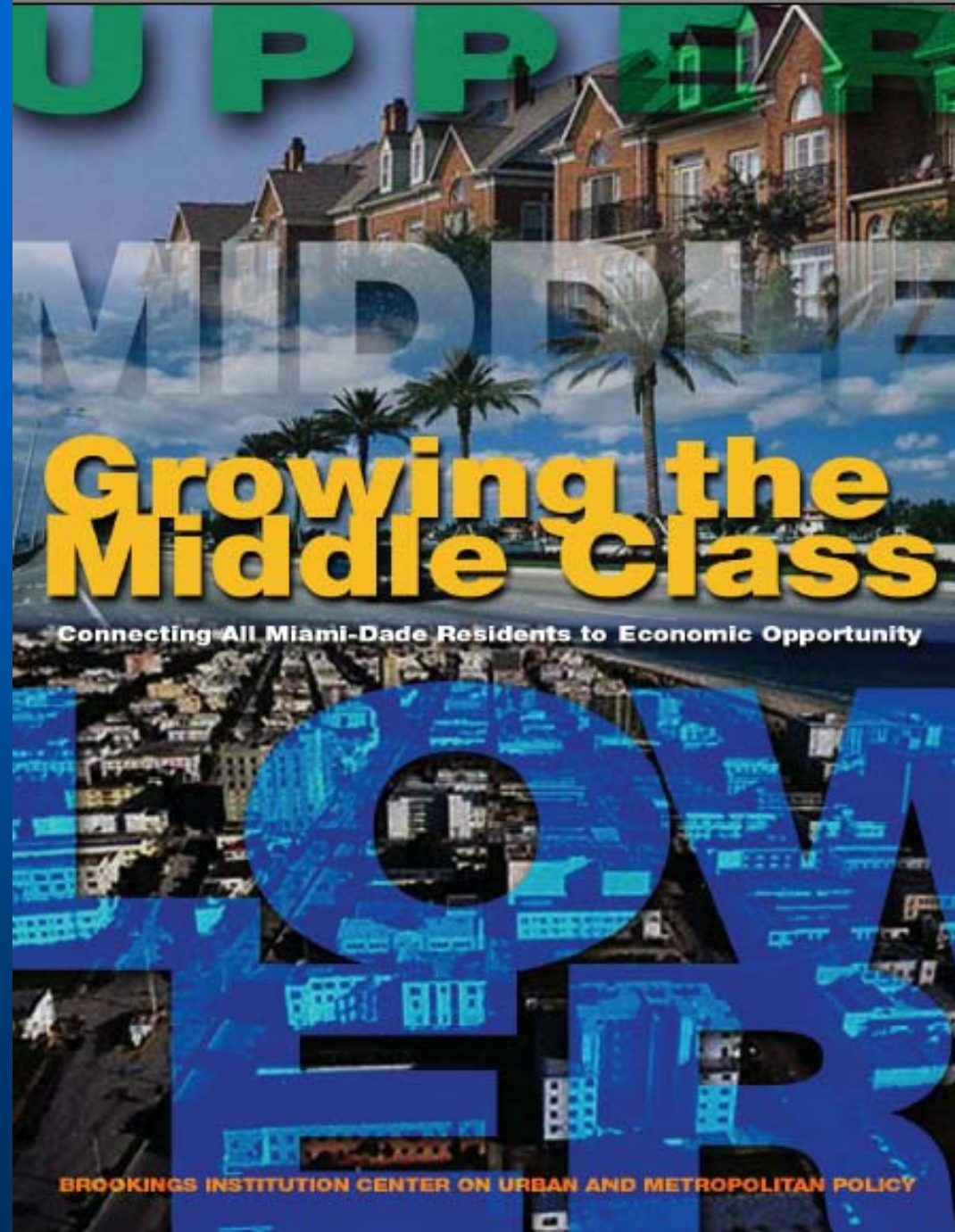
Center on Urban and Metropolitan Policy  
Bruce Katz, Director



## Growing the Middle Class: Connecting All Miami-Dade Residents to Economic Opportunity

Community Prosperity Initiative

June 7, 2004





## Report Background

- Funded by Living Cities, a national community development initiative
- Undertaken in partnership with the Knight Foundation and Human Services Coalition
- Part of a series of four, examining trends in Miami, Minneapolis-St. Paul, Chicago, and Baltimore



# Growing the Middle Class: Connecting All Miami-Dade Residents to Economic Opportunity

- I. Miami's income trends are troubling
- II. Behind the trends: Why is Miami's middle class so small?
- III. Several factors exacerbate the problem
- IV. Miami needs to develop a "Growing the Middle Class" policy agenda



# Growing the Middle Class: Connecting All Miami-Dade Residents to Economic Opportunity

## I. Miami's income trends are troubling

- Incomes are low and poverty is high
- Miami's middle class is small
- Blacks and Hispanics are less likely to be middle class than whites



## 1. Income Is Low and Poverty Is High

### Miami City and Miami-Dade County have high poverty rates and low incomes

- Miami ranks 1<sup>st</sup> in poverty and 100<sup>th</sup> in median household income for the 100 largest cities
- Miami-Dade ranks 12<sup>th</sup> in poverty and 91<sup>st</sup> in income for the 100 largest counties
- The spatial geography of poverty is changing: suburban Miami-Dade County had a 28% increase; the city of Miami had an 8% drop





## 1. Income is low and poverty as high

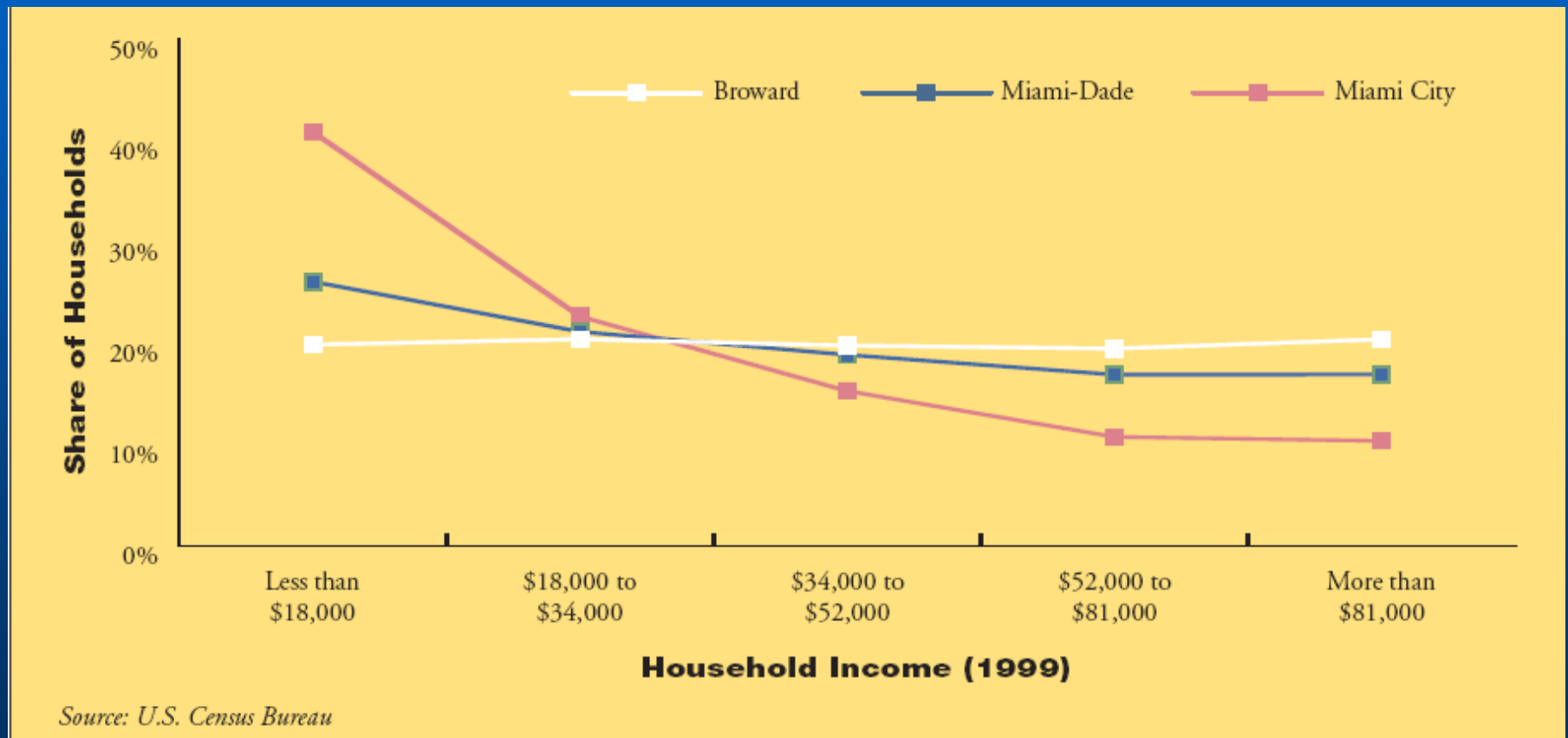
It's not just Miami City that is suffering within the county

- Miami-Dade has 29 communities with more than 20,000 people
- 16 of these communities have poverty rates that exceed the nation's
- 18 of these communities have median household incomes lower than the nation's



## 2. Small Middle Class

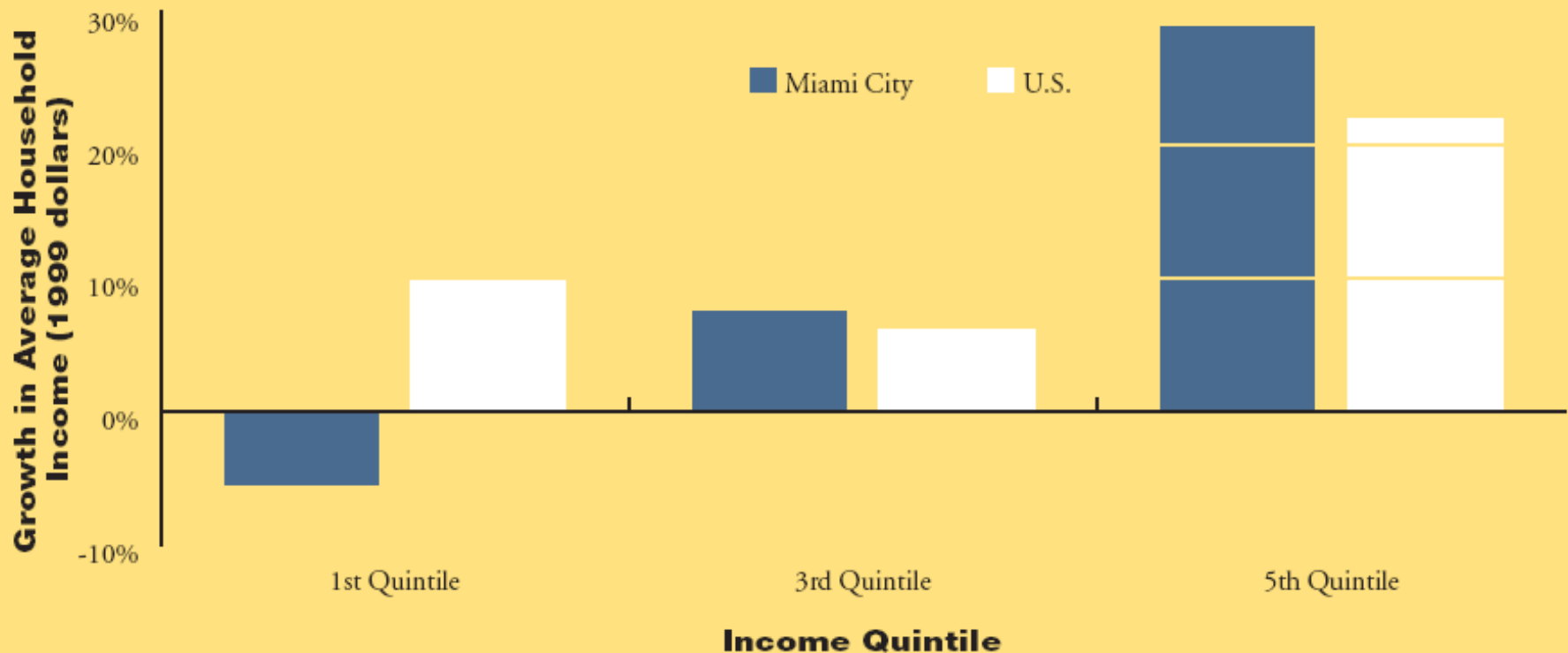
Miami City has a small middle class, and a large share of its households in lower-income brackets.





## 2. Small Middle Class

The wealthiest households in Miami City enjoyed sharp increases in their incomes during the 1990s, while the poorest households lost ground



Source: Institution Analysis of Public Use Microdata



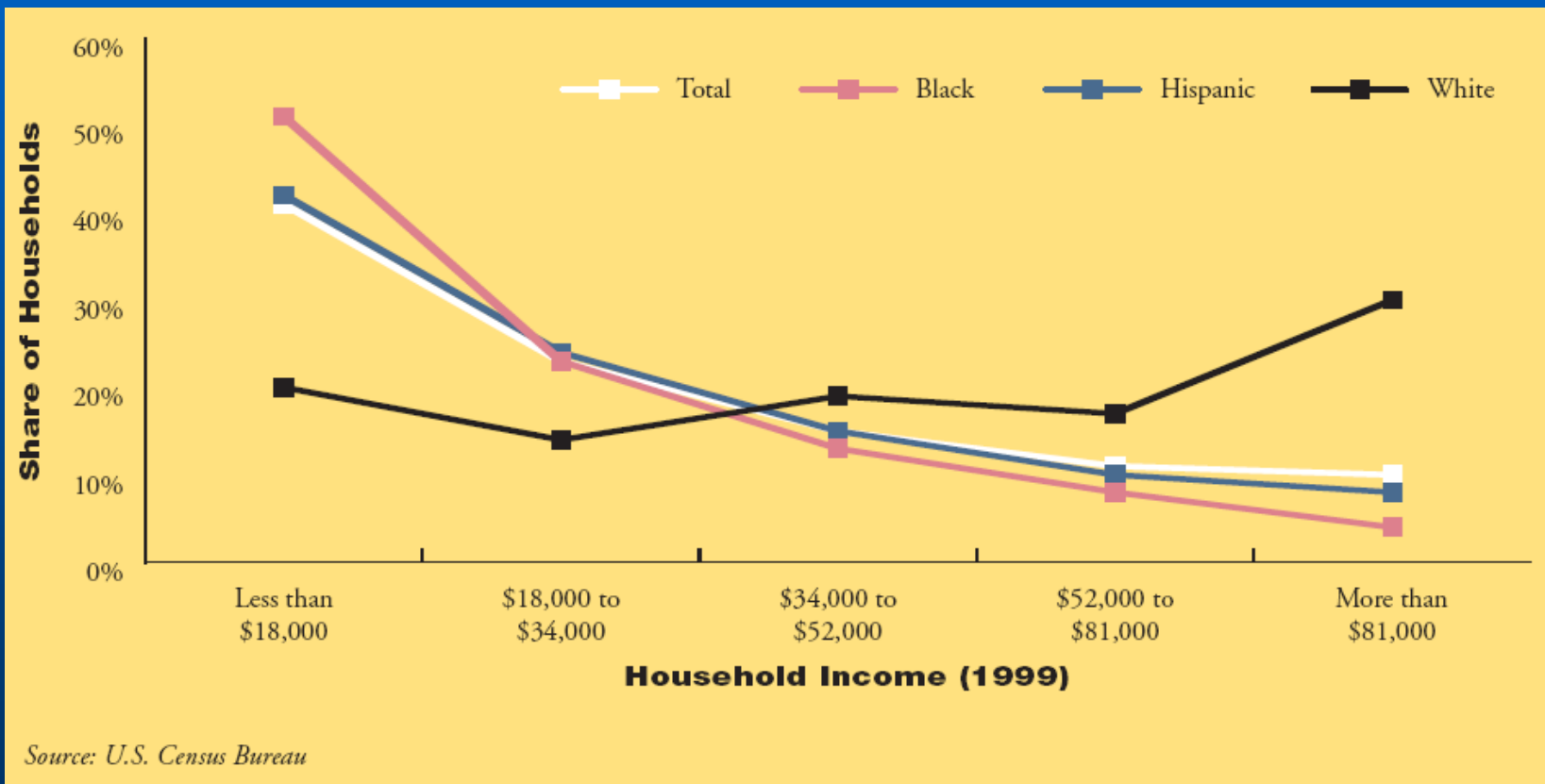
### Why should we care about the middle class?

- Fiscal vitality
- School performance
- Local spending
- Homeownership
- Civic engagement



### 3. Race/ethnic Disparities

Whites have a higher share of households in the middle class than blacks or Hispanics





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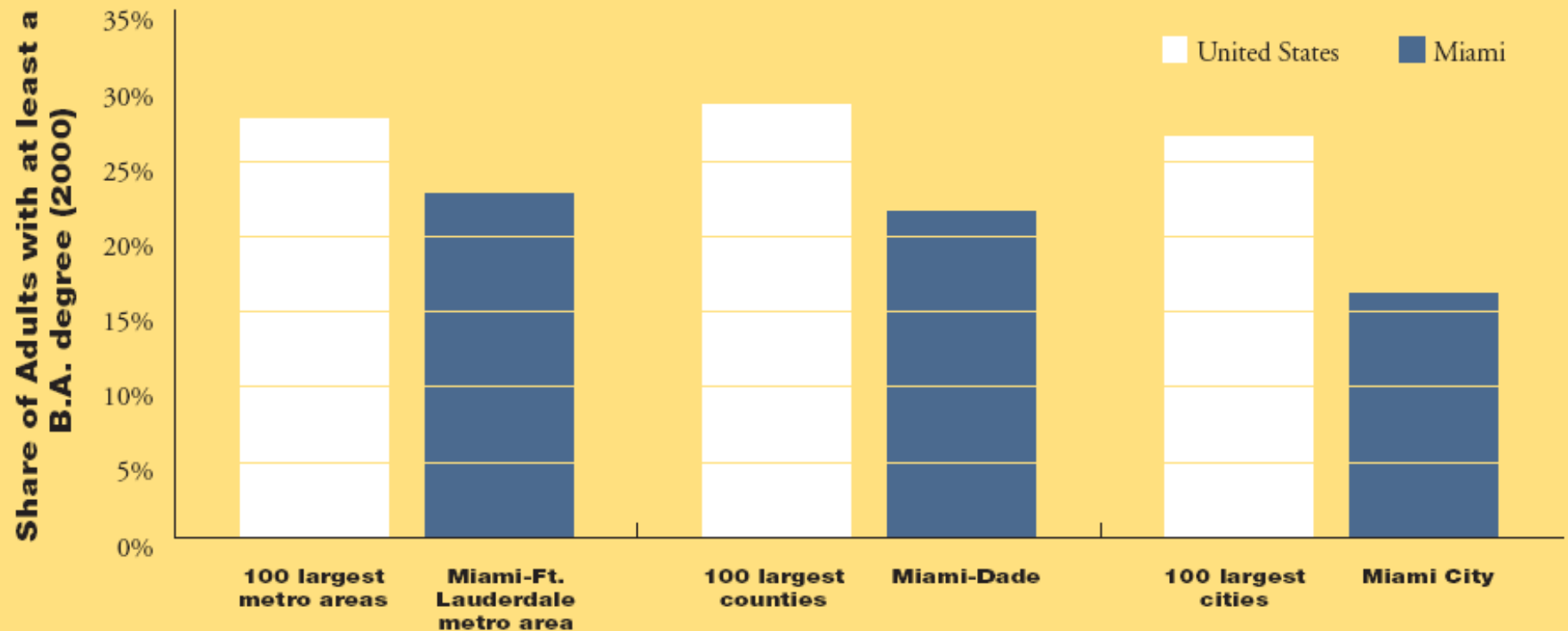
## II. Behind the trends: Why is Miami's middle class so small?

- Educational attainment rates are low
- Miami has a low-wage economy
- Miami is exporting middle-class residents



## 1. Low Educational Attainment

The region's educational attainment rates are low—the share of adults with bachelor's degrees is only 16% in Miami City and 22% in Miami-Dade County



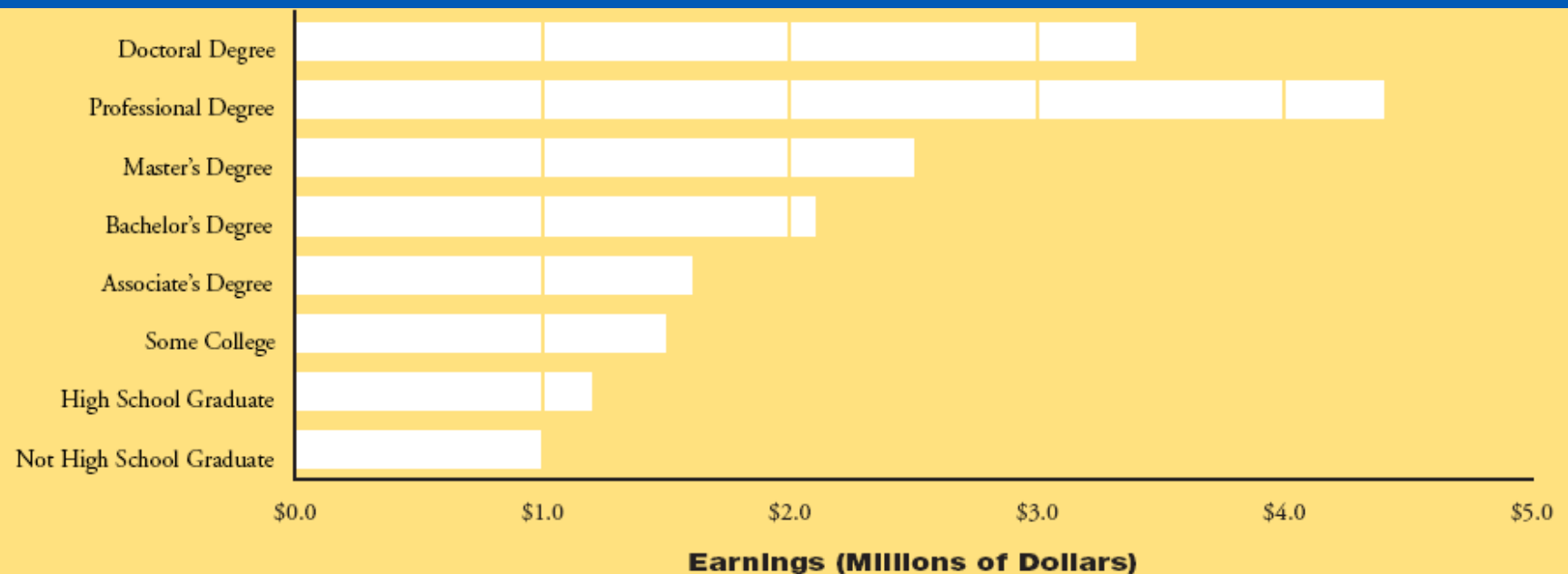
Source: U.S. Census Bureau





## 1. Low Educational Attainment

Educational attainment is an important statistic—college graduates earn almost \$1 million more than high school graduates over the course of a lifetime

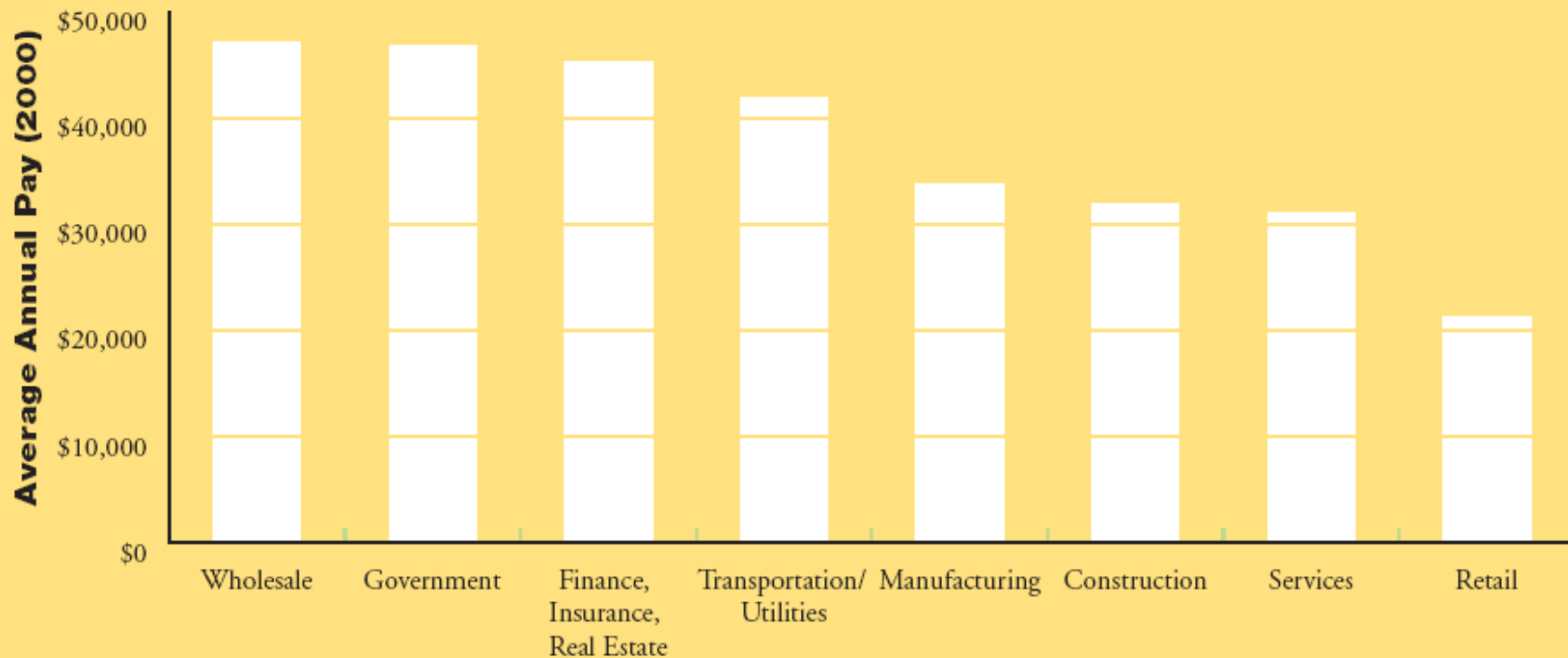


Source: "The Big Payoff: Educational Attainment and Estimates of Work-Life Earnings," U.S. Census (2003)



## 2. Low-Wage Economy

Miami-Dade has a low-wage economy. Although the service and retail sectors are the largest employers in Miami-Dade (53% of jobs), they have the lowest average annual pay



Source: Bureau of Economic Analysis



### 3. Not Retaining Middle Class

Miami is functioning as a “landing and launching pad” for foreign-born residents, hampering its ability to grow the middle class

- 81,000 immigrants entered the US and came to Miami City between 1990 and 2000.
- But the net increase of foreign-born residents during that time period was only 1,600.
- About as many foreign-born residents entered the city as left the city in the 1990—a one-to-one replacement of foreign born



### 3. Not Retaining Middle Class

## Miami-Dade experienced a net out-migration of residents in the 1990s

- Between 1995 and 2000, 160,000 more people left Miami-Dade than moved in from another part of the country
- 90,000 people left Miami-Dade for Broward County between 1995 and 2000, while only 17,000 moved in the opposite direction
- While the Dade-to-Broward movers were ethnically diverse, they were primarily middle class
- The movers had higher incomes and higher educational attainment rates than those that stayed



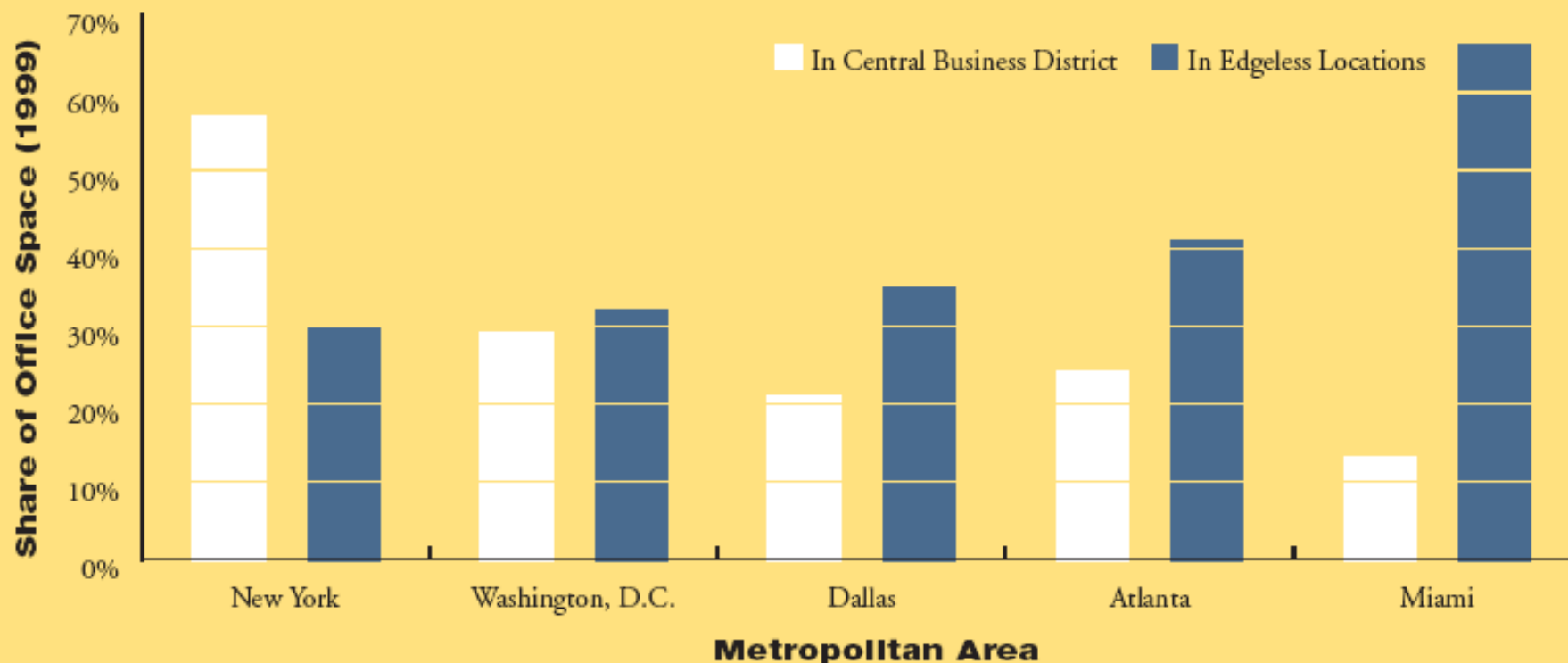
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## 1. Sprawl Isolates Poor Residents

Most of Miami's office space is in edgeless locations....

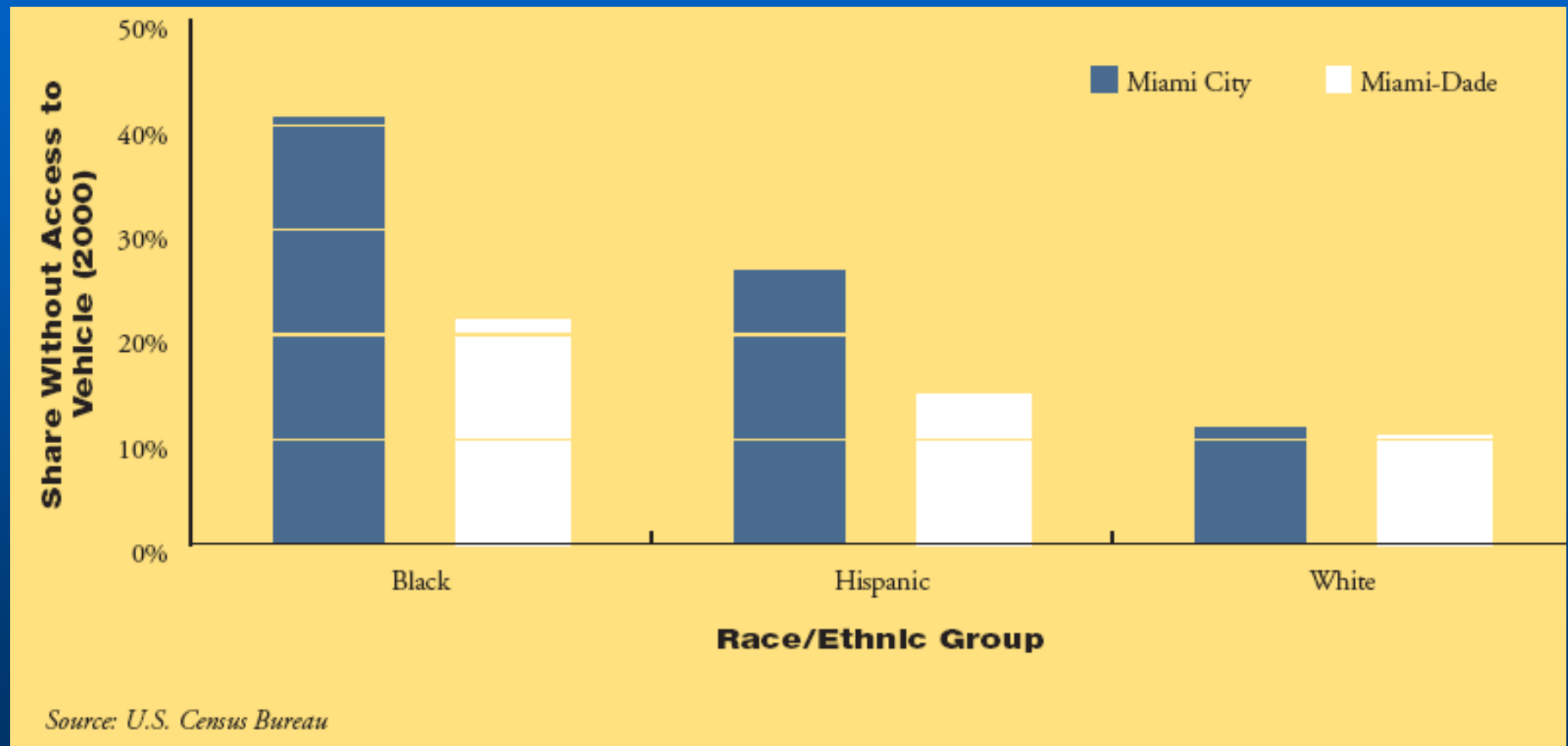


Source: Robert E. Lang, "Beyond Edge City: Office Sprawl in South Florida" (Brookings Institution, 2003).



## 1. Sprawl Isolates Poor Residents

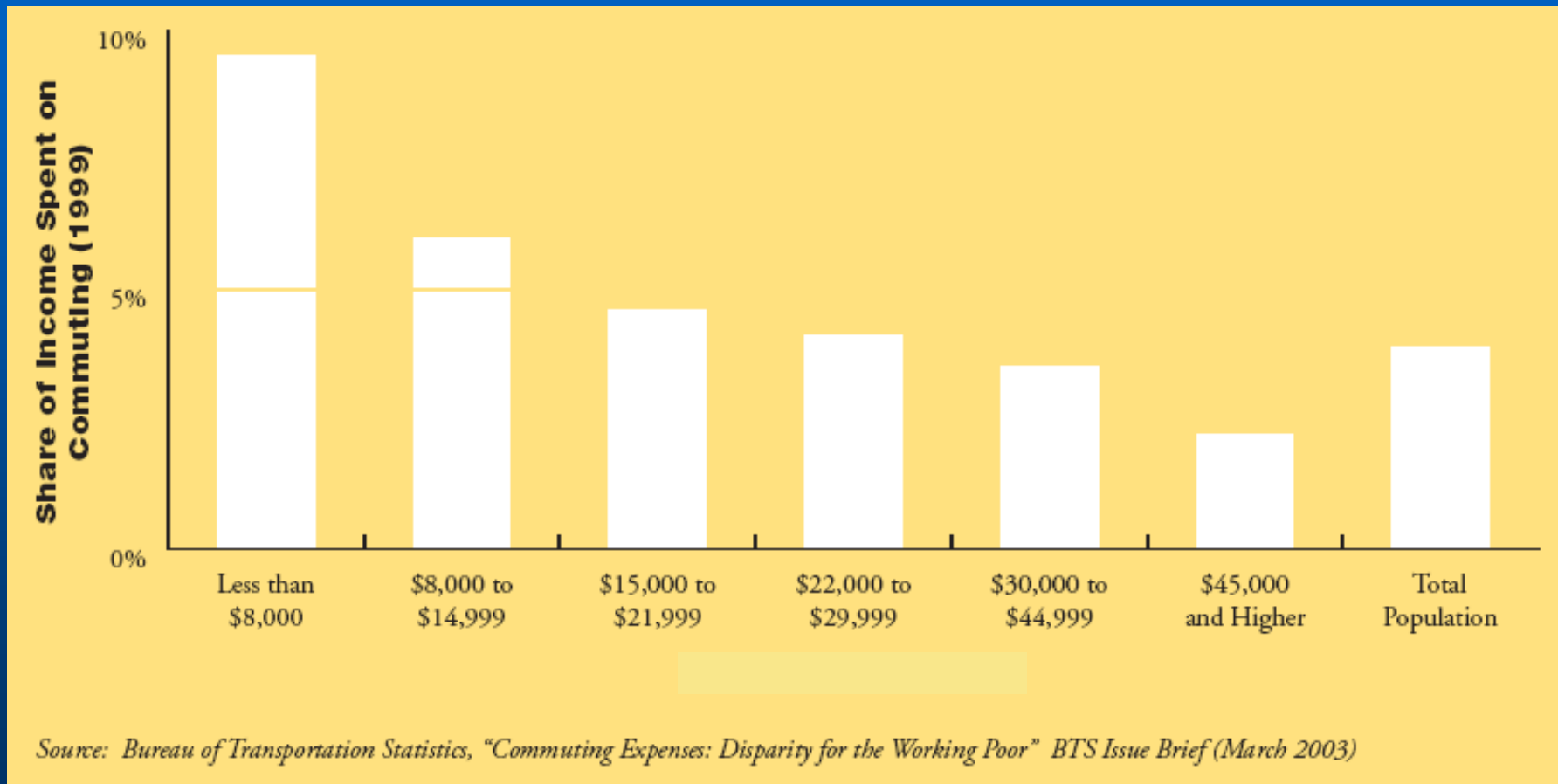
...but minorities, particularly those living in the central city, have limited means of getting to job growth areas





## 2. Costs of Being Poor

Basic necessities consume a large portion of poor resident's income, making it difficult to save or build assets







## 2. Costs of Being Poor

### Housing costs are high in Miami, despite the low incomes

- Rents in Miami-Dade are average, but because incomes are so low, households have to spend a large portion of their income on rent or mortgage payments
- Miami-Dade has the highest rent burden of the 100 largest counties, and the fourth highest mortgage burden
- 47% of renters in Miami-Dade spend over 30 percent of their income on rent



### 3. Limited Access to Financial Institutions & Support Programs

Limited use of mainstream financial institutions and government support programs impedes the wealth-building capacity of low-income households

- Nationwide, only 86% of eligible working families with children filed for the EITC. And only 45% of eligible workers without children filed
- Miami has a large number of “unbanked” households. No banking account means high transaction fees at payday lenders and a limited ability to save
- Immigrants face additional challenges. Confusing eligibility requirements, and language/cultural barriers, contribute to low participation rates in programs.

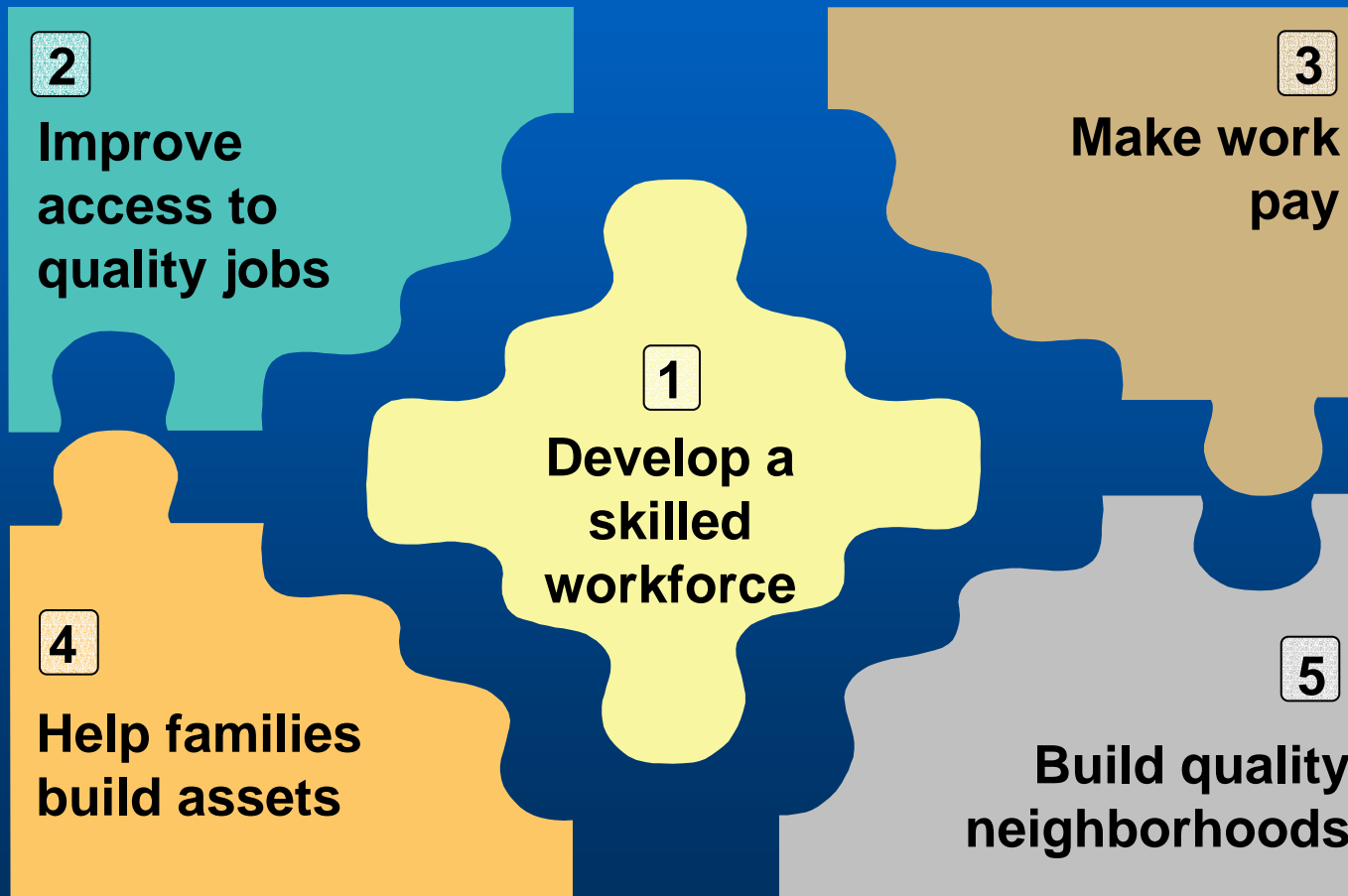


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This trajectory is not inevitable. Policy contributed to some of the problems facing the region, and a new policy framework can help grow the middle class





→ **Educated workforce:** Focus on successful completion of 4 year degrees by community college students; focus on needs of Hispanic students

→ **Improve access to jobs:** A menu of transportation options (mass transit, jitney, car ownership); build workforce intermediary infrastructure


→ **Make work pay:** Continue and expand efforts to connect people to the benefits they are eligible for

→ **Help families build assets:** Connect households to mainstream financial institutions

→ **Build quality neighborhoods:** Housing policy needs to support mixed income communities in the city and affordable housing near job growth areas



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## Coalitions for the Metropolitan Agenda

The devolution of power from Washington to state capitals has increased the importance of state decision making for cities. This paper argues that, in response to shifting population distributions within states, new coalitions are needed to effectively achieve city legislative goals within state legislatures.

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